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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE BUREAU OF AGRICULTURAL ECONOMICS,  
UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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December 17, 1923.

Vol. I, No. 26.

## TRADE NAME SELECTED FOR MAINE POTATOES

"Pine Tree State Brand" is the trade name selected for use in marketing the potatoes handled by the Maine Potato Growers' Exchange, Caribou, Maine. Efforts are being made to ensure high quality for the stock sold under this name and to see that the stock is placed in attractive containers. It is proposed to try to fix the trade name in the minds of possible purchasers and in this way to create a demand for the potatoes handled by the exchange. The latest estimates regarding outlook for the current season are that the exchange will have approximately 10,000 carloads of potatoes to handle for its 3,100 members.

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## LOCALS CREDITED WITH PATRONAGE DIVIDENDS

Patronage dividends amounting to \$39,673 are credited to the locals of the Aroostook Federation of Farmers, Caribou, Maine, in the balance sheet of June 30, 1923. At the same time there was \$3,994 in the surplus fund. The fixed property of the federation was valued at \$33,266 and the issued capital stock amounted to \$44,830. The total of capital and surplus was \$43,874. This federation, which was formed in 1919 with 21 locals, is engaged largely in the purchasing and mixing of fertilizers.

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## WIDE DISTRIBUTION OF INDIANA ONIONS

In this its first season of operation the Indiana Farm Bureau Onion Growers' Exchange, Warsaw, Ind., handled 533 carloads of onions up to December 1. These onions were shipped from 41 stations in 11 counties and went to 38 markets in 23 states. Shipments for the entire state last year amounted to 2,000 cars, all of which went to 3 markets. Officials estimate that the business during the fall and winter will amount to at least \$300,000. Sales are being handled by the Federated Fruit and Vegetable Growers, Inc.

GRAIN MAY NOW BE SHIPPED DIRECT TO U. S. GRAIN GROWERS, INC.

The handling of grain on the Chicago market was begun the first week in December by the U. S. Grain Growers, Inc., Chicago, Ill. The first car received was a car of oats from Story City, Iowa. This was followed by a car of corn from Francisville, Ind., and a car of wheat from Funk's Grove, Ill.

The reorganization and reconstruction of the U. S. Grain Growers, Inc., was carried out in accordance with the plans outlined in this circular under date of July 30. A new million-dollar line of credit has been arranged for, and a surety bond of \$50,000 guaranteeing the integrity of its contracts was filed with the Chicago Board of Trade with the application for permission to do business.

Grain may be shipped on consignment for sale; it may be shipped for storage to be sold at a later time; or it may be shipped to be cleaned and put in condition and pooled with similar grain. Producers will be permitted to draw from 75% to 80% of the value of the grain on shipment. The balance will be paid immediately after the car is sold and payment received from the purchaser.

Plans are being made for the sale of wheat direct to the Co-operative Wholesale Society of England through the New York office of the C. W. S. Various cooperative associations in the East and South are also negotiating for direct purchase of wheat from the U. S. Grain Growers, Inc.

The present officers are: President, H.L. Keefe, Waithill, Nebr.; Vice President, Howard Leonard, Eureka, Ill.; Secretary, J. M. Mehl, Chicago, Ill.

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NORTH DAKOTA HORSES SOLD COOPERATIVELY

Thirty-eight carloads of horses were sold in the East last season by the North Dakota Farm Bureau Federation, Fargo, N. D. Arrangements are now being made for the current season. The plan of sale provides that community committees enter into written contracts with the State Farm Bureau, agreeing to select the horses, to see that they are properly fitted, fed, groomed, and loaded into cars. Farmers who wish to have animals included in the cooperative sales agree to advance not less than \$2 a head, or \$60 a car, for expenses incidental to shipping and selling.

Cars are accompanied on the journey to market by some member of the local committee. The State Farm Bureau serves in the capacity of selling agent at a charge of \$25 a horse. This amount covers inspection, assembling, advertising, feed, barn rent, bedding, auctioneer, clerk, insurance, etc. After the sales returns are made to a bank at shipping point, whereupon the local committee settles with the individual shippers after deducting the \$25 charge, express, freight and similar items.

According to a statement of the State Farm Bureau the horses sold last year brought from \$125 to \$250 depending upon size and condition.

CINCINNATI COOPERATIVE AND A COMPETITOR CONSOLIDATE

Announcement is made by the Cooperative Pure Milk Association, Cincinnati, Ohio, of the signing of contracts for the consolidation on December 31 of the business of the association and that of the French Bros.-Bauer Company, a profit enterprise. Three contracts have been entered into. The first provides that the Cooperative Pure Milk Association will buy, and the stockholders of the French Bros.-Bauer Company will sell, not less than 75,000 shares of the common stock of the company at a price per share to be determined by an appraisal company. The second contract provides that the company will buy milk exclusively from the association, and the third contract provides for the purchase by the French Bros.-Bauer Company of the plant and equipment of the Cooperative Pure Milk Association and the issuing of treasury stock for the payment of the same.

The stock to be purchased by the cooperative association is to be placed with a trust company and released as blocks of one thousand shares are paid for. The owners of the stock will be entitled to 8% dividends. Eight years are allowed for the full payment for the stock, however, payments of not less than \$150,000 a year are to be made. It is proposed by the Cooperative Pure Milk Association to make small deductions from monthly milk checks and to issue certificates of indebtedness drawing 6% interest to the milk producers. The Cooperative Pure Milk Association is to name one less than half of the board of directors of the French Bros.-Bauer Company until such time as it has a clear title to at least 75,000 shares of the common stock. The present management of the company is to be continued. It is estimated that the consolidated enterprise will handle 50% of the milk supply going direct to consumers in the city of Cincinnati.

The French Bros.-Bauer Company has eighty years of successful business experience back of it. At the present time the company controls three subsidiary dairy companies, a baking company, two restaurants, an ice cream plant, a cone factory, 50 cream stations, 12 country collecting stations, 22 grocery stores, and a certified and inspected dairy farm.

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POTATO EXCHANGE PROMOTES INCREASED PRODUCTION

Nineteen members of the Michigan Potato Growers' Exchange, Cadillac, Mich., were adjudged eligible to the "300 bushel club" at the recent potato show at Grand Rapids. Prizes were given to those members who succeeded in raising 300 bushels on each of two or more acres. The record of one grower was 420 bushels, another raised 400 bushels and a third member raised 390.

### ALBERTA FARMERS POOLING THEIR WHEAT

About 40% of the wheat growers of the Province of Alberta have incorporated under the name of the Alberta Cooperative Wheat Producers, Limited, according to a recent report furnished through the consular service. This voluntary grain pool by the farmers of Canada began to function October 29, 1923. The association has no elevators nor warehouses but has secured the services of about 60% of the grain elevator companies in Alberta, which companies have agreed to handle grain for members for 1-1/4¢ per bushel plus the regular selling commission of 1%. An initial advance of 55¢ a bushel is to be paid to growers.

Regarding the method of financing the wheat pool, the report states:

While the Bank of Montreal, the Bank of Nova Scotia, the Bank of Toronto, the Union Bank of Canada, the Canadian Bank of Commerce, the Dominion Bank, the Banque Rochelaga, and the Imperial Bank have agreed to finance the Alberta Cooperative Wheat Growers, Limited, to the extent of \$15,000,000, the Cooperative Wheat Growers have in reality no established credit. The wheat pool is operated through the sixteen principal grain companies in Alberta. These companies handle the grain for the members of the pool and deliver the grain at Port William, Ontario, at a cost of 20¢ per bushel for transportation and other charges from point of shipment. Up to the time that the wheat arrives at Port William it has been financed by the different grain companies. Upon delivery of the wheat at the terminal elevators in Port William, warehouse receipts are issued to the Alberta Cooperative Wheat Producers, Limited, at Winnipeg, and against these receipts drafts are negotiated in favor of the forwarding elevator companies in Alberta acting for the Cooperative Wheat Producers, Limited.

Efforts were made to organize the wheat growers in Manitoba and Saskatchewan but the required acreage was not secured in time to cooperate with the wheat pool in Alberta.

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### IOWA PROVIDES INSTRUCTION FOR LIVESTOCK SHIPPERS

A series of county and district short courses for livestock shippers of Iowa has been announced by the Extension Division of the Iowa State College. Dates are announced for nine one-day county schools and four district schools. The programs include an analysis of shipments made by the associations represented, accounting problems, and round table discussions.

SUPREME COURT OF WASHINGTON SUSTAINS MILK PRODUCERS

In the case of State v. Scollard et al., recently decided by the Supreme Court of Washington, 218 Pac. 224, it appeared that the Seattle Milk Shippers' Association, a cooperative organization formed under a statute of that state providing for the formation of cooperative associations, had agreed that it would not sell milk to stores which sold it for less than 11¢ per quart retail. Owing to this fact, seven individuals, presumably officers or directors of the association, were prosecuted on the theory that they had entered into a conspiracy. In this connection the following quotation from the opinion in the case is apropos:

Narrowed down to its essentials the charge is that they combined, conspired, and agreed to cause, force, and compel all grocery stores supplied by their distributors to sell milk in the city of Seattle at a price of not less than 11¢ per quart at retail, and threatened divers and sundry of their distributors to cut off the supply of such distributors if they continued to supply milk to dealers who sold milk for a less price than 11¢ per quart retail, and that they and each of them did cause and encourage all of their employees, servants, and agents to compel the customers of their distributors to sell milk at not less than 11¢ per quart retail. Manifestly, it seems to us, these are not acts which, if accomplished, would control the price of milk in the city of Seattle, or prevent the free and open competition in the sale of milk in such manner as to fall within any provision of the statute. There is no allegation that the persons joining in the combination controlled the milk supply, or any considerable part of the milk supply, of that city; nor is there any allegation that those in the combination sought to force or compel other milk dealers not in the combination also to sell milk at not less than the minimum price fixed. The charges amount to nothing more than a charge that the defendants agreed together that they would not through their own distributors supply milk to retail dealers, unless such dealers would consent to sell it at a price of not less than 11¢ per quart retail.

The Supreme Court of the State held that the facts set forth in the information filed against the individuals in question did not constitute a crime, and in this connection said:

But it is not and never has been the law, in the absence of a statute expressly making it so, for a dealer to refuse to sell his commodity to a retailer who will not retail the commodity at prices fixed by the dealer.

L. S. Hulbert.

SPECIAL POLICY AND SPECIAL PROGRAM FOR 1923 PEANUTS

With its fortunes at low ebb and 88% of the 1922 crop on which it had borrowed \$700,000 still on hand, a grower-president and an experienced sales manager were installed by the Peanut Growers' Association, Norfolk, Va., early in July. A policy of economy and efficiency was adopted by the new management. This policy included the determination to operate without lawsuits for the coming season. The large stock of peanuts carried over has been sold at such prices that the heavy debt has been paid and a second payment of 80¢ per cwt. is to be made at once. Regarding economy of operation the following is quoted from a letter to growers: "During June our overhead was \$16,213; July, \$12,215; August, \$10,836; and December, \$6,203."

On November 16 the association announced that it was ready to receive 1923 peanuts and that an advance of 3¢ to 4¢ a pound would be made according to grade. Fifteen cents a bag is to be allowed growers for storage on the farms until the association is ready to receive the crop.

The membership is now about 5,000. Of this number between 500 and 600 attended the annual meeting held at Suffolk, October 13.

Among measures taken to reduce expenses the following are noted: Surplus office furniture is to be disposed of; the board of directors is to serve without pay for the coming year; the executive committee is to serve for \$5 a day instead of \$10; and money is to be spent for only absolutely necessary expenses in connection with handling the 1923 pool. The association will not prosecute members for breach of contract but will operate on whatever quantity of peanuts it receives and will market them to the best possible advantage. Growers are reminded that this plan is temporary, that the contract remains unaltered, and that the association reserves all its rights under the contract for subsequent years.

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SEVERE SENTENCES GIVEN CONTRACT BREAKERS

Thirty days in jail and fines of \$150 each for contempt of court was meted out to two members of the Tobacco Growers' Cooperative Association, Raleigh, N. C., for continued violation of their contracts, by Judge Henry R. Lane, at Winston-Salem, November 7. Both growers had been served with restraining orders to prevent them from selling their tobacco outside the association. Evidence showed that the tobacco was slipped across the line and sold in Virginia where the law requires that all tobacco shall be sold in the name of the owner.

SPAIN HAS VARIETY OF COOPERATIVE ENTERPRISES

The Confederacion Nacional Catolica-Agraria (National Catholic-Agrarian Federation), Madrid, Spain, is made up of about 4,000 syndicates which are united in 57 provincial federations. These provincial federations have been independent organizations, each importing and buying machinery, fertilizers and supplies for itself, until about a year ago when the central federation was formed and the Banco Rural was established as the central buying and financing agency to handle imports of fertilizers and machinery.

The nature and scope of the activities of the societies are indicated by the following statement, prepared by the directors of the National Catholic-Agrarian Federation, and transmitted by the Consular Attache at Madrid to the U. S. Department of Commerce:

Savings of members, in the rural, federal and confederal savings accounts.....	200,000,000 pesetas*	
Loans to farmers (Without aid of the Banco Nacional) .....	300,000,000	"
Community purchases of machinery, ferti- lizers and seeds.....	60,000,000	"
Common purchases of land.....	20,000,000	"
Insurance against hailstorms and fire.....	38,000,000	"
Annual apicultural production (Honey and wax) .....	100,000	"
Land rented collectively.....	50,000 hectares**	

\*The par value of the peseta is one franc, or 19.3¢.

\*\*The hectare equals 2,471 acres.

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DAIRY ASSOCIATION OPERATES AT LOW COST TO MEMBERS

A charge to its members of but one cent per hundredweight is the record of the Dairymen's Cooperative Sales Co., Pittsburgh, Pa. Although the association is authorized to deal in farm products, to process and manufacture milk and milk products, and to purchase supplies of various kinds, it has been satisfied to act as a bargaining association and not to undertake manufacturing or distribution. The disposition of surplus milk is taken care of by a pooling system of selling to the buyers, by means of which they are enabled to pay three different prices for the milk according to the use made of it.

Each dealer in his monthly report furnishes a sworn statement of the amount of purchased milk which was sold for fluid milk, or Class I, the amount used as cream or in ice cream which falls into Class II, and the amount made into butter or by-products other than ice cream, all of which falls into Class III. Prices are worked out in advance and each dealer pays the same price for each class of milk. Producers receive a premium for high testing milk and a reduction is agreed upon for milk falling below the standard.

CONSUMERS ASK ASSOCIATION TO HELP REDUCE PRICES

The Sowega Melon Growers' Association, Adel, Ga., has been asked by consumers in one of the large cities of the United States to aid in a movement to reduce the retail price of watermelons. During the past season melons were retailed in that city only at prohibitive prices. The consumers claim this situation was due to speculation, that the track buyers or wholesalers combined to fix arbitrary prices regardless of value. It is estimated that 700 cars of melons were shipped into that city last summer for which the growers averaged less than \$50 a car while melons were sold at from \$1 to \$2.50 at retail. The Sowega Melon Growers' Association has shipped no melons to this market for the past two seasons. As the association expects to control a large majority of the crop for the next season, the management hopes to be able to stabilize that market and provide quality melons at fair prices.

The membership campaign of the association is resulting in an average sign-up of 1,000 acres each week. In some localities every grower is signed up. Nine new locals have recently been added where the association never operated before.

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THREE MILLION POUNDS OF WOOL SOLD IN TWO YEARS

About 3,000,000 pounds of wool and mohair has been marketed in two years for its members by the Pacific Cooperative Wool Growers; Portland, Ore., at an association expense of from 1¢ to 1-1/2¢ per pound. The total expense of baling, grading, shipping, warehousing, insurance and selling, was 3¢ a pound on farm-flock wool. Farm wools are graded and baled at a cost of 1¢ per pound. For range wools in lots of more than 10,000 pounds, each clip stands the expense of its preparation for market, varying from 35¢ per 100 lbs. for uniform fine staple clips to \$1 for mixed cross breeds.

The Pacific Cooperative Wool Growers was organized in 1921 for the purpose of selling graded wools on merit, in an orderly manner. The membership now numbers 2,500.

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SERVICE BEING FURNISHED TO COOPERATIVES

Announcement is made in the Bulletin of the Connecticut Milk Producers' Association, Hartford, Conn., dated December 1, that dairy-men of Hartford County are offered the opportunity of having their milk record sheets added free every month in the office of the Hartford County Farm Bureau. The Farm Bureau offers to furnish the record sheets and to do the adding free of cost for the present, and expects to be able to accommodate all who request the service.

SECRETARY OF AGRICULTURE REPORTS ON COOPERATIVE STUDIES

The Secretary of Agriculture, of the United States, in his annual report to the President, made under date of November 15, says in part:

During the past three years farmers in the United States have turned to cooperation for the solution of their marketing difficulties in ever-increasing numbers. In a period of rapid expansion it is only natural that the essential principles and limits of cooperation at times should be overlooked. The department believes, therefore, that its most helpful activity in this field consists in collecting and compiling the essential facts with regard to the cooperative movement and employing these data as the basis of careful studies of the older and more successful cooperative organizations. In this way an understanding of the general movement may be gained, and the principles which have guided well-established organizations made available to newcomers in the field..... A study is also being made of cooperative organizations which have failed, in an effort to determine the causes for failures of cooperation.

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NEBRASKA ELEVATOR MEN ADOPT A SLOGAN

With the slogan "There is no substitute for a farmers' elevator" the members of the Nebraska Farmers' Cooperative Grain and Livestock Association are planning an aggressive campaign for increased membership and increased volume of business for 1924. It is proposed that the local elevators send letters to their members pointing out the services rendered by the local institutions. Four prizes are offered for the purpose of stimulating interest in the program for increasing the membership and the usefulness of these marketing enterprises. A version of the slogan that is to be stressed is, "Let's use the institution that has served us so well for a generation."

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STATISTICS OF FARMER-OPERATED CREAMERIES

"Development and Present Status of the Farmer-Controlled Creamery," is the title of an eight-page mimeographed circular, given over largely to statistics, just issued by the Bureau of Agricultural Economics. The figures are based on reports to the Department of Agriculture from 1,273 farmer-operated creameries. Copies of the circular may be had upon request to the Division of Agricultural Cooperation, Bureau of Agricultural Economics, Washington, D. C.

CREDIT CORPORATION TO FINANCE PRODUCTION OF CROPS

Efforts to aid the farmers of North Carolina in financing the production of crops resulted in the organization on November 4 of the North Carolina Agricultural Credit Corporation with an authorized capital stock of \$2,000,000. Five directors and temporary officers were elected and as soon as \$100,000 worth of stock is sold a permanent organization will be effected and the company will begin business. Working in connection with the local banks throughout the state the new corporation will assist the farmers in obtaining the necessary funds to produce their crops and to enable them to pay cash for fertilizers and other supplies. This will relieve the fertilizer dealers and the local merchants of the necessity of carrying a large amount of credit and enable them to place their business on a cash basis. Loans will be carried by the credit corporation at a low rate of interest and will be made payable at intervals.

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FOUR BIG BANKS OFFER TO FINANCE BURLEY TOBACCO CROP

Four of the largest banking institutions of the country have offered to aid the Burley Tobacco Growers' Cooperative Association, Lexington, Ky., in financing its 1923 operations. The manager states that the acceptance of this offer will bring millions of dollars into the Burley district when it is needed. At a recent meeting of the board of directors, the president and executive committee were authorized to handle the financing of the crop and to give preference to the local banks of the district to whatever extent they might decide.

Latest reports from the field showed a membership of 93,400. The board of directors decided unanimously that the books should be closed for the season on December 1 and that no new membership contracts should be received after that date. Warehouses will open about December 10 to receive the new crop.

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COLORADO POTATO GROWERS' EXCHANGE ISSUES PERIODICAL

Vol. I, No. 1, of the "Colorado Potato Grower" made its appearance early in December as the new house organ of the Colorado Potato Growers' Exchange, Denver, Colo.

Up to November 9 the exchange had advanced \$140,161 to its members on potatoes placed in storage. The membership numbers 2,000 and the acreage signed up is approximately 40,000. The management announces that it has been able to finance this first season's operations adequately through regular commercial channels.

In the second annual Pure Seed Show held recently in Colorado Springs, practically all the premiums were awarded to members of the Colorado Potato Growers' Exchange.

PURCHASING AGENCY FOR LIVESTOCK PRODUCERS' ASSOCIATIONS

A new project of the Ohio Livestock Shippers' Association is the Eastern States Company, Columbus, Ohio, a livestock purchasing agency which will operate on the Buffalo, Cleveland and Pittsburgh markets, also at Washington Court House, London, Urbana, and Ohio country points. The Eastern States Company is incorporated with a capital stock of \$40,000. Stock is available to the different producers' cooperative commission associations and to state livestock marketing associations. Capital stock outstanding at present is owned by the producers' associations at Cleveland, Buffalo and Pittsburgh, and by the Ohio Livestock Shippers' Association. The new company plans to represent killers and packers and to buy livestock on order, thus giving slaughterers direct contact with the large volume of livestock now available through the producers' commission associations. However, the real mission of the Eastern States Company is stated to be, "first, to bring about a closer working relationship between the three eastern markets above mentioned, and then to effect steps to the more orderly marketing of stock originating in this territory."

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GROWERS' COMPANY ANNOUNCES STOCK DIVIDEND

Gross sales of the Arizona Citrus Growers' Company, Phoenix, Ariz., for the fiscal year ending August 31, 1923, amounted to \$305,663, according to the annual statement. Disbursements to growers amounted to \$229,698; the expenses were \$57,776; and the profits for the year were \$8,215.57. A 10% cash dividend was paid, also a 33-1/3% stock dividend.

Fruit shipped was as follows: Grapefruit, 35,611 boxes; oranges, 34,379 boxes; tangerines, 935 boxes; lemons, 674-1/2 boxes; making a total of 71,599-1/2 boxes. After deducting certain charges for loose pack and culls, the operating and overhead expenses amounted to 79.01¢ per box.

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ACTION BROUGHT AGAINST MEMBERS FOR VIOLATING CONTRACT

The Dark Tobacco Growers' Cooperative Association, Hopkinsville, Ky., through its legal department, is pushing action against contract breakers. Judgments have been secured against 17 members for selling tobacco outside the association, and injunctions have been issued against two more restraining them from disposing of their crop to anyone but the association. Eighteen other members have settled with the association on the basis of 5¢ per pound for each pound of tobacco sold in violation of their contracts. Suits against 15 members are still pending.

### AVERAGE SIZE OF COOPERATIVES INCREASING

Averages determined by the United States Department of Agriculture from reports made to it during the last ten years indicate that the size of farmers' buying and selling organizations has been gradually growing larger. The average number of members for the 615 associations reporting in 1913 was 116; the average amount of business per association was \$108,396; and the average amount of business per member was \$927. The number of members per association increased from 116 in 1913 to 191 in 1919; the average amount of business per association increased from \$108,396 in 1913 to \$207,390 in 1922; and the average amount of business per member increased from \$927 in 1913 to \$1,338 in 1919. The figures by years for the several items are given below:

Year :	Number of	:	Average	:	Average Amount	:	Average Amount
:	Associations:	:	Membership :	:	of Business	:	of Business
:	Reporting :	:	Per Assn. :	:	Per Assn. :	:	Per Member
1913 :	615	:	116	:	\$108,396	:	\$ 927
1914 :	325	:	114	:	124,844	:	1,091
1915 :	269	:	123	:	127,247	:	1,033
1916 :	420	:	122	:	143,713	:	1,170
1917 :	407	:	132	:	196,429	:	1,486
1918 :	362	:	159	:	266,202	:	1,664
1919 :	179	:	191	:	256,131	:	1,338
1921 :	6,639	:	---	:	177,931	:	-----
1922 :	2,279	:	---	:	207,390	:	-----

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### ONE SALES MANAGER TO BE EMPLOYED BY THREE ASSOCIATIONS

Representatives of three of Louisiana's cooperative marketing associations, at a meeting on November 24, agreed to establish a joint sales office. The organizations which are uniting in this project are those interested in the production and sale of Irish potatoes, lespe-deza seed, and truck. A joint sales manager is to be employed and the expenses of employing such a manager and maintaining a joint accounting staff are to be borne by the three associations in proportion to their sales. Two representatives from each association are to form a board of control which shall have authority to act only in matters affecting the interests of all three associations. The secretary of the Louisiana Farm Bureau Federation shall be a member of this committee. Each association is to retain its board of directors or executive committee to supervise its sales in conjunction with the sales manager, and each association will also have an entirely separate set of books.